

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 01-0221P**

Gross and Adjusted Gross Income Tax  
Calendar Year 1998

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is incorporated in California and was assessed a penalty for failing to remit its tax by the due date of the tax return. Taxpayer remitted fifty percent (50%) of its tax liability after the original due date and was assessed a ten-percent penalty.

Taxpayer protests the penalty and states that it had made a large-scale acquisition and little information was available to its tax department for making an accurate assessment of what the 1998 tax liability would be. Due to unfamiliarity with the acquired company's activities and the Indiana Gross Receipts Tax, a large amount of tax was due with the return on 10/15/99. Estimated payments and the extension were made on a timely basis.

I. **Tax Administration** – Penalty

**DISCUSSION**

Taxpayer was assessed a penalty for failure to remit tax timely. Taxpayer remitted 50.39% of its tax through estimated payments by the original due date of the return. 49.61% was paid with the filing of the extended return on October 14, 1999.

Taxpayer, in a letter dated February 20, 2001, faxed on August 24, 2001, protested the penalty assessed because it acquired a company in December 1997 and was unaware of its 1998 tax

liability. Taxpayer further states that the information made available to them caused them to make an inaccurate assessment of its 1998 tax liability.

Taxpayer remitted almost fifty percent of its tax on October 14, 1999, the extended due date. An extension to file is not an extension to pay. A review of the prior tax return indicates a tax liability in excess of two million dollars. To avoid the penalty, a taxpayer must remit at least ninety percent (90%) of the tax due by the due date or one hundred percent (100%) of the prior year's tax. Taxpayer remitted less than thirty percent (30%) of the prior year's tax liability by the due date.

Taxpayer has not provided reasonable cause to allow the department to waive the penalty.

**FINDING**

Taxpayer's protest is denied.